

Assembly Bill No. 1130

CHAPTER 505

An act to add Section 1656.5 to the Civil Code, and to add Part 13.7 (commencing with Section 31201) to Division 2 of the Revenue and Taxation Code, relating to heavy equipment rentals.

[Approved by Governor October 5, 2017. Filed with
Secretary of State October 5, 2017.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1130, Bocanegra. Heavy equipment rentals.

Existing law prescribes the manner in which contracts or agreements may be created.

This bill would establish, in a rental agreement of heavy equipment property by a qualified heavy equipment renter, a rebuttable presumption that the parties agreed to the addition of estimated personal property tax reimbursement to the rental price of heavy equipment property to a lessee if specified conditions occur.

This bill would establish the Property Tax Reimbursement Law that would require that any property tax reimbursement that is collected by a qualified heavy equipment renter be collected pursuant to the conditions described above.

The people of the State of California do enact as follows:

SECTION 1. Section 1656.5 is added to the Civil Code, to read:

1656.5. (a) Whether a qualified heavy equipment renter may add estimated personal property tax reimbursement to the rental price of heavy equipment property to a lessee depends solely upon the terms of the rental agreement. It shall be presumed that the parties agreed to the addition of estimated personal property tax reimbursement to the rental price of heavy equipment property to a lessee if all of the following conditions occur:

(1) The rental agreement expressly provides for the addition of estimated personal property tax reimbursement.

(2) Estimated personal property tax reimbursement is separately stated and charged on the rental agreement.

(3) The estimated personal property tax reimbursement amount shall not exceed 0.75 percent of the rental price of the heavy equipment property.

(b) The presumptions created by this section are rebuttable presumptions.

(c) For purposes of this section:

(1) "Qualified heavy equipment renter" shall have the same meaning as provided in Section 31202 of the Revenue and Taxation Code.

(2) “Rental price” means the total amount of the charge for renting the heavy equipment property, excluding any separately stated charges that are not rental charges, including, but not limited to, separately stated charges for delivery and pickup fees, damage waivers, environmental mitigation fees, sales tax reimbursement, or use taxes.

SEC. 2. Part 13.7 (commencing with Section 31201) is added to Division 2 of the Revenue and Taxation Code, to read:

PART 13.7. PROPERTY TAX REIMBURSEMENT LAW

31201. This part shall be known and may be cited as the Property Tax Reimbursement Law.

31202. For purposes of this part, all of the following definitions shall apply:

(a) “Heavy equipment property” means rental property of a qualified heavy equipment renter.

(b) “Qualified heavy equipment renter” means a renter that satisfies both of the following:

(1) The principal business of the renter is the rental of heavy equipment property.

(2) The renter is engaged in a line of business described in Code 532412 or 532310 of the North American Industry Classification System published by the United States Office of Management and Budget, 2012 edition.

31203. Any property tax reimbursement collected by a qualified heavy equipment renter shall conform to Section 1656.5 of the Civil Code.